

**Managed Risk Medical Insurance Board
May 25, 2005**

Board Members Present: Cliff Allenby, Areta Crowell, Ph.D., Richard Figueroa, Virginia Gotlieb, M.P.H., Sandra Hernández, M.D.

Ex Officio Members Present: Jack Campana, David Topp

Staff Present: Lesley Cummings, Denise Arend, Laura Rosenthal, Vallita Lewis, Janette Lopez, Tom Williams, Jeanne Brode, Dennis Gilliam, Larry Lucero, Ernesto Sanchez, JoAnne French, Darryl Lewis

Chairman Allenby called the meeting to order and recessed it for executive session. At the conclusion of executive session, the meeting was reconvened.

Chairman Allenby announced there would be no meeting in June.

Virginia Gotlieb acknowledged Dr. Areta Crowell for having recently received the lifetime achievement award from the American College for Mental Administration. Dr. Crowell has been a leader in the field of mental health throughout the state, serving on many boards and organizations and as the director of mental health services in San Diego and Los Angeles. San Diego named a treatment facility the Areta Crowell Center. She was one of the key players in passage of Proposition 63. In her capacity as a Board member, Dr. Crowell serves as the Board's conscience on the importance of mental health and substance abuse issues. Chairman Allenby said the Board is proud to have Dr. Crowell as a member. Dr. Crowell remarked that her participation on the Board is one of the endeavors of which she is most proud.

REVIEW AND APPROVAL OF MINUTES OF APRIL 27, 2005, MEETING

A motion was made and unanimously passed to approve the minutes of the April 27, 2005, meeting.

LEGISLATIVE UPDATE

State Bill Summary

Jeanne Brode presented a summary of the bills staff is tracking which directly impact MRMIB. Dr. Crowell asked whether staff had completed an analysis of SB 454 (Ortiz). Ms. Brode said staff has been concentrating on the analysis of AB 772 (Chan) and SB 437 (Escutia), which would enact universal coverage for children, and has not yet analyzed SB 454. Chairman Allenby asked if there were any questions or comments; there were none.

AB 772 (Chan)/SB 437 (Escutia)

Lesley Cummings presented a matrix summarizing the major components of AB 772/SB 437 which would enact numerous changes to enrollment processes for children in HFP and Medi-Cal, and provide for coverage of all California children. She noted that the bills sponsors intended for all health care programs for children in the state (Medi-Cal, Healthy Families, Healthy Kids) appear to the public as one program with simple enrollment and retention policies. The legislation would also provide coverage under a state program for children not eligible under federal law. Ms. Cummings noted that at least one provision of the bills, which would allow the state to deem children enrolled in certain federally funded programs as eligible for health coverage, would require federal legislation. A couple of bills have been introduced federally, one by Senators Frist and Feinstein. Noting that the bills would provide for a lot of eligibility data sharing by numerous programs, Chairman Allenby asked how HIPAA laws apply. Ms. Rosenthal replied that that still needs to be flushed out.

Chairman Allenby called for public comment.

Catherine Teare from Children Now and the 100% Campaign thanked staff for their work on such a large, complex bill. Chairman Allenby asked if the intent is to implement the plan this year. Ms. Teare said they hope to. They are in the process of working on amendments that will add more meat to the bills. Mr. Figueroa asked whether the sponsors intended to keep the name "Healthy Families," to which he is partial particularly due to its implication that entire families might one day be covered. Ms. Teare replied that the sponsors believe it is essential for all children's health programs have one face to the public, although she appreciated the message that the name "Healthy Families" conveyed. Dr. Crowell asked how much it would cost to implement the bills. Ms. Teare noted that PricewaterhouseCoopers had produced an estimate that the premiums would cost the state anywhere from \$119 million to \$333 million annually. Ms. Cummings underscored that this estimate is solely plan premium costs and does not take into account any costs for CCS, mental health, administrative or bridging costs.

Chairman Allenby asked how California Children Services (CCS) and mental health services would be factored in. Ms. Teare said that those still need to be determined. Dr. Crowell pointed out that there would be no reason to change the provision of mental health services, especially in light of Prop 63. Dr. Hernández thanked the 100% Campaign and bill sponsors for their efforts to ensure all children. She asked how many additional children would be served if the bills passed. Ms. Teare said they estimate that there are 779,000 uninsured children of whom most are already eligible for HFP or Medi-Cal. They estimate that there are around 159,000 undocumented children and 148,000 children with income over the HFP eligibility limit of 250% (of whom around 55,000 would be between 250-300%).

Chairman Allenby asked if there were any further questions or comments; there were none.

STATE BUDGET UPDATE

Tom Williams reviewed a document detailing how the Governor's May revision impact on MRMIB's programs. He noted that staff had worked particularly hard during the spring assisting the Department of Finance (DOF), which has had turnover in the health area. He acknowledged Glenn Hair, Kim Elliott, and Willie Walton for dealing with the challenges the turnover presented. Chairman Allenby asked if the administration had introduced legislation to obtain the 4/5 vote needed to use Proposition 99 as match for federal fund. Mr. Williams replied that the bill had not yet been introduced. Mr. Williams reported that if the budget was late, payment of May and June plan invoices may be delayed. Dr. Crowell asked if enrollment would be suspended. Mr. Williams assured her it would not.

Ms. Gottlieb expressed concern about a proposal by the Legislative Analyst's Office (LAO) to eliminate a statutory requirement for a reserve for the MRMIP, and asked if reserves have ever been drawn down in the past. There was discussion among the Board and staff about the source, level, and degree of need for a reserve. Noting that MRMIP is an insurance product, Ms. Gottlieb expressed concern that elimination of a reserve constituted a fundamental shift in the basis structure of the program and was inconsistent with the Board's fiduciary obligation. She wanted to be on record as being uncomfortable with the elimination of the reserve. Dr. Crowell added that she was dismayed that the budget diverts \$20 million from MRMIP to other programs. She expressed concern that the MRMIP premiums are becoming unaffordable---funding is needed to lower the premiums so more people can obtain coverage. Dr. Hernández expressed concern about the adequacy of Proposition 99 funds for next year.

In addition to the budget issues described in the May Revise document, Mr. Williams reported that both committees approved:

- Accelerated enrollment from Medi-Cal to HFP.
- The Teachers for Healthy Kids proposal for trailer bill language that would continue to allow health plans and schools to work in partnership to conduct outreach and enrollment activities.
- The Administration's proposal to provide CCS to AIM-linked infants in HFP.

Dr. Hernández asked about the status of a proposal to allow counties to buy into HFP for children not eligible for Medi-Cal or HFP. Ms. Cummings indicated that the budget includes positions to work on the buy-in (funded by the California Children and Families Commission) and the trailer bill includes language allowing for implementation of the buy-in. Staff has been meeting to identify issues and develop a work plan and will present its recommendations at the next meeting. Chairman Allenby asked if there were any further questions or comments; there were none.

FEDERAL LEGISLATIVE UPDATE

Mr. Williams gave an update on items under discussion at the federal level that impact MRMIB, specifically, legislation that would allow states to deem as eligible for SCHIP children enrolled in other federal programs, President Bush's SCHIP outreach proposal, and discussions on reauthorization of SCHIP. He acknowledged Dave Lucas in the Governor's Washington, D.C., office for his assistance.

Laura Rosenthal reported that pending federal legislation proposing to amend the Federal Trade Act to allow MRMIP to qualify for funding has been held up because of issues relating to the funding formula. She emphasized that MRMIB continues to make efforts to amend the legislation so that California can get some of the federal funds provided for in the high risk pool. Chairman Allenby asked if there were any questions or comments; there were none.

INTERAGENCY AGREEMENTS RENEWAL

Dennis Gilliam asked for approval of the renewal of interagency agreements for 2005-06 with Health and Human Services Agency, Health and Human Services Data Center, State Controller's Office, Department of Health Services, and California Office of HIPAA Implementation. A motion was made and unanimously passed to approve the resolutions as presented.

HIPAA OUTSIDE COUNSEL CONTRACT

Ms. Rosenthal asked that the executive director be given authority to enter into a contract with outside counsel for HIPAA consultation services effective in the current year. A motion was made and unanimously passed to approve the resolution as presented.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry (SPE) Reports

Larry Lucero reported that there are 745,657 children enrolled in HFP as of May 24. He reviewed enrollment data for the month of April.

Administrative Vendor Performance Report

Mr. Lucero presented the administrative vendor (AV) performance report for HFP and SPE. MAXIMUS is the AV for these programs. In April, MAXIMUS met all seven performance standards for HFP and all four performance standards for SPE pursuant to the measures contained in the contract between MRMIB and MAXIMUS.

Retention Report

Janette Lopez reviewed the retention and disenrollment report for calendar year 2003. The retention rate after one year of enrollment and the annual eligibility review (AER) is 70%--a rate quite similar to that found for 2001 and 2002. After taking into account those disenrollments that are unavoidable and those in which families appear to deliberately drop coverage, approximately 10% of disenrollments may possibly be preventable.

Ms. Lopez also reviewed a chart showing the number of subscribers disenrolled in December 2004 and the extent to which those subscribers re-enrolled in HFP within three months of their disenrollment (January through March of 2005). There was a 23% return rate during the period, with most subscribers re-enrolling in the second month. Although the number of returns associated with non-responsiveness to AER requirements was small (931), the rate is high (37%), and Ms. Lopez wants to investigate further if MRMIB is doing everything it can to encourage families to respond to AER requirements. She has directed MAXIMUS to conduct a survey of families in August based on June AER disenrollments to ask them what else HFP could have done to help them respond timely. Staff will provide the results in September. Ms. Gotlieb thanked staff for the report, indicating that it provided very helpful information. Dr. Hernández asked if similar information was available for Medi-Cal. Ms. Lopez replied that she did not know, but that staff had long wanted to find out what the return rate was for HFP and are eager to match the information against MEDS to see if

those who do not return are enrolled in Medi-Cal. Dr. Hernández urged that the data be looked at in conjunction with Medi-Cal. The Board expressed its appreciation of the in-depth analysis.

Summary of Quality Assurance

Ms. Lopez invited Michael Lemberg, Project Manager from MAXIMUS, to report on the quality assurance measures MAXIMUS has taken to improve HFP processes. He noted two recent accomplishments:

- (1) An audit done in March pursuant to Statement on Auditing Standards (SAS) No. 70, an internationally recognized auditing standard developed by the American Institute of Certified Public Accountants, found no significant issues; and
- (2) The HFP and SPE systems received ISO 9001:2000 certification in May. The ISO 9001:2000 standard was developed in the mid-1980s by the International Organization for Standardization; certification signifies a quality management system. California is the first SCHIP program to be ISO certified.

The Board was very pleased with these accomplishments. Dr. Crowell expressed satisfaction that MAXIMUS had procedures in place for solid systemic reviews. She asked about procedures that assure that the systems are producing the correct results and that new employees are properly trained. Mr. Lemberg assured the Board all new modules get tested with anywhere from 10 to 1000 “test” applications, and there is a training system in place. Ms. Cummings added that when workload permits, MRMIB staff also conducts on-site audits to assure that results are accurate.

Appeals Workload Status

Ms. Lopez announced that all of the vacancies in the eligibility division have been filled and all 12 analysts are now on board. Nevertheless, productivity is at around 60% to 70% given that over half of the staff has been with MRMIB less than six months. Staff continues to work overtime every other Saturday. Two highly experienced former employees have been recruited to work with MRMIB staff overtime on weekends.

Regarding AIM appeals and correspondence, Ms. Lopez indicated that she has redirected about 90% of AIM appeals to MAXIMUS which will do the initial assessment and resolution. Those that MAXIMUS would recommend to deny are returned to MRMIB staff for final determination. Staff has also revised boilerplate language in correspondence to redirect subscribers to call MAXIMUS (rather than MRMIB) with inquiries.

Regarding MRMIP appeals and correspondence, Ms. Lopez indicated that staff is current. Regarding HFP appeals and correspondence, Ms. Lopez noted that there are 2,100 appeals in-house. Sixty-two percent of these were requesting payment for medical claims incurred while eligibility was being determined. Here also, MAXIMUS has agreed to prepare chronologies of cases which will reduce the amount of time MRMIB staff has to spend working on an appeal. Ms. Lopez indicated that her goals for June through August were to make sure that (new) staff are fully trained, revitalize the MRMIB appeals tracking system and work with MAXIMUS to analyze appeals data to determine what categories of issues are being appealed, the approval versus denial rate, and any observable trends. She noted that staff has been meeting quarterly with a coalition of over 90 organizations concerned with problems that occurred as a result of the transition and that they did not identify any systemic issues at the last meeting. In fact, several participants complimented MAXIMUS on its improved performance. Chairman Allenby asked if there were any questions or comments; there were none.

National School Lunch/Express Lane Regulations

Ms. Cummings asked the Board to approve the National School Lunch Express Enrollment regulations for filing with the Office of Administrative Law (OAL). A motion was made and unanimously passed to adopt the regulations as presented.

Status Report on Implementation of CAA Payments

Ernesto Sanchez updated the Board on the steps being taken to re-establish a payment system for application assistance. He reviewed all the steps taken to recruit and train enrollment entities (EE) and CAAs and noted that a refresher course will be made available over the internet to train former EE/CAAs. Approximately 300 people have been trained online. Mr. Sanchez reviewed other elements of the work plan, including making system changes at MAXIMUS and system tests that would occur before the system goes live on July 1, 2005. Another long-awaited system change will be the ability of those assisters using the electronic application (Health-E-App) to view the disposition of applications electronically. Staff is planning to have this change in place soon after CAA reimbursements begin. He also indicated that MAXIMUS would be setting up training for assisters who work for health plans. Ms. Cummings acknowledged staff and MAXIMUS for all their efforts to bring the project live by July 1 given that MRMIB has not yet received funding for this workload. Chairman Allenby asked if there were any questions or comments; there were none.

HFP Advisory Panel Update

Jack Campana said the notes from the last Advisory Panel meeting were self-explanatory. However, he pointed out that, pursuant to a motion passed by the

Advisory Panel, a letter is being written to members of the Legislature's fiscal committees supporting the need for additional staff at MRMIB. Mr. Campana also expressed thanks to Dr. Crowell and Ms. Gottlieb for their attendance at panel meetings which the panel finds extremely helpful.

Benefit and Eligibility Conforming Regulations

Ms. Cummings asked the Board to approve the benefits and eligibility conforming regulations for filing with the OAL. These were presented at the April 27 meeting for public comment. A motion was made and unanimously passed to adopt the regulations as presented. Dr. Crowell thanked staff for clarifying the mental health and substance abuse benefits.

Quality Improvement Fee Contract Assignments

Laura Rosenthal asked the Board to delegate authority to the executive director to make determinations regarding assignment of health plan contracts as a result of the quality improvement fees implemented by DHS in Medi-Cal managed care. A motion was made and unanimously passed approving the resolution as presented.

Cheri Fields, Local Health Plans of California, commended Ms. Rosenthal for her quick turn-around on this project given that MRMIB is severely understaffed.

Note: Due to time constraints, the enrollment and fiscal reports for AIM and MRMIP were not given.

There being no further business to come before the Board, the meeting was adjourned.